GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4126
ANSWERED ON:18.08.2000
FOREIGN INVESTMENTS THROUGH MAURITIUS
AJAY CHAKRABORTY;PUTTASWAMY GOWDA;UTTAMRAO NATHUJI DHIKALE

Will the Minister of FINANCE be pleased to state:

(a) the date on which the decision was taken to raise the tax concession on investments routed through Mauritius by Foreign Institutional Investors;

(b) the volume of investments received by India from such Foreign Institutional Investors routed through Mauritius was raised; and

(c) the total revenue loss incurred after the implementation of this decision?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a) Foreign Institutional Investors (FIIs) were allowed to invest in Indian Capital Market following formulation of guidelines by the Government in this regard in September, 1992. Certain tax benefits are available to FIIs resident in Mauritius under the Double Taxation Avoidance Convention (DTAC) between India and Mauritius which was notified in 1983.

(b) Till 30th June, 2000, the net investment by Mauritius based FIIs/sub-accounts had been Rs.14088.9 crores.

(c) Benefits available under DTAC do not amount to non-payment of tax resulting in loss of revenue.